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## The Future of the European Neighbourhood Policy

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By  
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### **Abstract:**

*The purpose of this article is to explore the future of the EU's Neighbourhood Policy (ENP) in terms of its objectives. In order to do this, the reasons behind this policy tool, its structure, and the changes it brought to the EU's relationships with its neighbours are analyzed. The article investigates the areas in which the ENP has been successful and pinpoints the deficiencies which have led to its failure in other areas. The analysis concludes that the ENP has enhanced the EU's role in the international arena and improved the credibility of its foreign, security and defence policies despite the fact that it is still a very new policy. Nevertheless, the policy is by no means perfect and there exists scope for further improvement in terms of its effectiveness.*

**Keywords:** *European Neighbourhood Policy, European enlargement*

**JEL Classification:** O11, O16

### **1. Introduction**

The European Neighbourhood Policy (ENP) has been designed to create closer ties between the EU and its neighbouring countries, without offering them a membership perspective. It aims at promoting greater economic development, stability and better governance in the EU's neighbourhood. The ENP dates to early 2002, when the UK emphasized a "wider Europe" initiative involving Belarus, Moldova, Russia and Ukraine (Smith, 2005: 759). In December 2002, the Copenhagen European Council approved it by including the southern Mediterranean countries.

The new EU, with its ten new member states and new borders, is facing new challenges beside the new opportunities. Especially, with the changes in its borders, reshaping the external relations with its neighbours has been a priority for the EU (Rossi, 2004: 9). In this respect, the ENP has brought major changes to the EU's external relations. For instance, prior to the ENP, the EU used to set up its relations with non-member countries by using its enlargement policy as an instrument in terms of offering them membership conditional on the acceptance of

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specified conditions set out in the treaties. The EU's this enlargement ambition had stemmed from its desire to surround itself by countries which are politically and economically stable and those who would be willing to adopt its norms and values. This was an aspiration through which the EU aimed at maintaining stability and security in its immediate neighbourhood, especially without any need for using force. Indeed, this has also led to the foundation of the European Security Strategy (European Council, 2003: 1-15). It was with this consideration that the EU started to deal the accession with a number of countries since end of the Cold War in 1989, including those located in Central and Eastern Europe. In this respect, the major intention has always been to promote peace, increased prosperity and security within the Central and Eastern Europe (Wallace, 2003: 1). This was mainly targeted at the countries which demanded EU membership and, thus, were willing to complete the political and economic criteria set forth by the EU. Accordingly, the candidate countries committed themselves to make reforms in their national political and economic arrangements and to accept the *Acquis Communautaire* required by the EU for full membership (Wallace, 2003: 3).

Nonetheless, In due course, the EU began to face the dilemma of where its final borders should be set. For this reason, in 1989 the European Community attempted to design a strategy for Free Trade Area member countries without letting them in by creating the European Economic Area (EEA) which extended the single European market to other countries without formal participation in the law-making process. In 1993, Copenhagen European Council transformed the idea of European Political Area (EPA), within which European leaders would meet regularly, and Central and East European countries could be associated with specific EC policies and participate in meetings, to establish a "structured relationship" for discussions on all areas of EU business with the Central and East European countries (Smith, 2005: 771). In 1997, this was replaced with European Conference by the Luxembourg European Council as a means of linking the EU and the then 13 applicant Countries. Meanwhile, the EU also started Stability Pacts to promote regional co-operation in Eastern Europe.

For instance, in the Balkans, in order to prevent conflicts and achieve conflict management the EU established CARDS programme beside the Stabilization and Association Process in Southern-Eastern Europe with offering membership at the completion of the process. In the Mediterranean front, it set up the Euro-Mediterranean Partnership in 1995 by using MEDA aid programme and signing multilateral agreements, which is also known as Barcelona Process, and involves economic, social and political co-operation between the EU and the 12 Mediterranean Partners (Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, the Palestinian Authority, Syria, Tunisia, and Turkey) (Euromed Report, 2004 and Rossi, 2004: 8-9). Furthermore, the EU Strategic Partnership with the Mediterranean and the Middle East was adopted in June 2004 in order to provide a policy framework with a view to promoting political, economic and social reform, and to contributing to the socio-economic development of the neighbouring countries in this geography (Euromed Report, 2004).

The purpose of this article is to explore the future of the EU's Neighbourhood Policy (ENP) in terms of its objectives. In order to do this, the reasons behind this policy tool, its structure, and the changes it brought to the EU's relationships with its neighbours will be analyzed. More specifically, the next section will investigate why the ENP was developed, analyzing the reasons that led to the formation of this policy from the EU's external relations perspective. Section II will evaluate the structure of the ENP, putting emphasis on the Action Plans, which are the most effective policy instruments used within the ENP. The last section will conclude with a discussion of whether the ENP has achieved its objectives or not. This will be done from a broad perspective, analyzing the areas in which the ENP has been successful and pinpointing the deficiencies which have led to its failure in other areas. In addition to these, the impacts of this policy on the countries of different neighbouring regions will be briefly discussed.

Foreshadowing the results of the analysis, it is concluded that the ENP has enhanced the EU's role in the international arena and improved the credibility of its foreign, security and defence policies despite the fact that it is still a very new policy. Nevertheless, it has also been identified that the policy is by no means perfect and there exists scope for further improvement in terms of its effectiveness.

## **2. The European Enlargement and the ENP**

The enlargement of the EU has increased the need for a rearrangement of the way the EU conducts its relations with the neighbouring countries. This necessity led to the formation of the ENP. Especially after the recent enlargement in 2004, the geographical limits of the EU have seemed to be approaching, and enlargement has seemed to cease. Indeed, the EU has several reasons for stopping its enlargement. For instance, the recent accession of ten new members has resulted in a need for a gestation period. Besides, the new Eastern neighbours are not very easily integrated (Haukkala, 2006: 7-9). Therefore, although the EU acknowledges its enlargement policy as one of the most successful foreign policy tools (European Commission, 2003: 5) it has serious concerns regarding the future viability of its institutions and structures with respect to a possible collapse due to over-enlargement and enlargement-fatigue.

However, there seems to be no legal basis for a formal decision for ceasing enlargement. What is more, should the EU officially decide to stop enlargement, it will risk losing its capacity for effectively stabilizing its neighbours and promoting its values and norms. Consequently, in the recent years, the ENP has gained importance as one of its most effective foreign policy tools in terms of maintaining its normative power in Europe. In a sense, for the EU, the ENP represents both the avoidance and continuation of enlargement by other means. It not only enables the EU to avoid answering the question whether the enlargement has ceased, but also to continue its normative hegemony just as in the accession process (Haukkala, 2006: 9-11). The ENP targets EU's relations with both its old and new neighbours, in order to surround EU by a "ring of friends" (Smith, 2005: 771).

This policy is necessary to encourage neighbouring countries to have good relations with the EU and to co-operate willingly to promote regional economic and political stability (Harris, 100). In this respect, the ENP is also related to the geographical proximity concept introduced in the Lisbon European Council in 1992 to foster the cooperation in Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Bulgaria, Romania, Slovenia, Estonia, Latvia and Lithuania), the Balkans (Croatia, Bosnia, Former Yugoslavian Republic Of Macedonia) and the Mediterranean (Cyprus, Malta, Turkey, Morocco, Algeria, Tunisia, Egypt, Jordan, Israel, Palestine Authority, Lebanon and Syria).

### **3. Structure of the ENP**

The ENP includes a number of frameworks for partnership such as the Euro-Mediterranean partnership and the Partnership and Cooperation Agreements (PCAs) and TACIS programme with the former Soviet republics. In particular, it concentrates on developing bilateral relations between the EU and individual countries to influence their internal and external policies. In this respect, it follows the routines of the context of the enlargement such as “negotiated bilateralism” and “positive conditionality” (Lavanex and Schimmelfennig, 2006: 143). At the basis of the ENP lies the concept of differentiation between partner countries. In this respect, the ENP explicitly addresses the problem of difference among the neighbouring partners, and adopts the method of bilateralism, namely, single nation action plans, rather than broad regional cooperation. In other words, the EU recognises the significance of the difference among the neighbouring partners, in terms of their regional, economic, administrative, and institutional capacities.

The, ENP involves a progressive approach towards the neighbouring countries in order to introduce a gradual engagement for each state in accordance with its willingness to progress with the economic and political reforms. It is also worth noting that the policy is not based on political conditionality, but rather involves clear definitions of the actions that the EU expects the partners to implement. The related benchmarks are primarily in the areas of politics or economics, depending on which targets and reforms have been mutually agreed on (Rossi, 2004: 11).

As mentioned earlier, the ENP was developed in the context of the EU’s 2004 enlargement, in order to avoid the probable dividing lines between the enlarged EU and its neighbours and to maintain the stability and security in its immediate neighbourhood. The ENP, therefore, primarily targets the EU’s immediate neighbours such as Algeria, Belarus, Egypt, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. In 2004, it was extended to also include the countries of the Southern Caucasus Armenia, Azerbaijan and Georgi. Although Russia is also a neighbour of the EU, relations with this country are instead developed through a Strategic Partnership process (Commission, 2004: 7). On the other hand, Turkey’s candidacy to EU makes this country not eligible to participate in ENP. Since the ENP aims at enhancing the EU’s relations with its neighbours on a mutual benefit and shared-

values basis, it also offers benefits to the involved countries in terms of increasing their integration with the EU (European Commission, 2003: 4). In this respect, the EU uses its enlargement policy to promote its values and norms in the neighbouring countries through persuasion and dialogue and, not against the will of them.

Nevertheless, it is likely that if the EU stops its enlargement process and does not accept new applications, it may lose the principal incentive that it offers in return for accepting its norms and values, as well as for fulfilment of the required reforms by the neighbouring countries. It is with this consideration that the EU has been developing the ENP in order to preserve its normative power and its ability to promote its values and norms in its neighbourhood (Haukkala 2006: 9). In this respect, the current problem seems to be the fact that EU does not have a well-defined criterion that defines which countries can be accepted for membership and which cannot. In other words, it is not known clearly what the limits of the EU are and where the borders of the EU would end. Particularly, with the recent enlargement, now EU has borders with some problematic regions such as the Mediterranean and the Black Sea. Before enlargement, EU did not have much reason to concern itself with the developments in these regions. But now, it has to involve in the latest developments in these regions very closely and has to promote policies to maintain stability in these regions. Therefore, it is not surprising that the ENP primarily targets stability and security, as well as to contribute to efforts at conflict resolution in the problematic neighbourhoods. In the south, it supports the Euro-Mediterranean Partnership to promote infrastructure interconnections and networks in order to reinforce the European security strategy in the Mediterranean and the Middle East. In the East, where the enlarged EU shares new borders with the new neighbours, the Union is faced with a number of security challenges such as illegal trafficking, organized crime, terrorism, nuclear proliferation and environmental degradation.

In addition to security issues such as preventing terrorism, proliferation of weapons of mass destruction, the ENP also focuses on social issues such as immigration, better governance, human rights, political reform, trade liberalization, education, and the role of civil society (Lavanex and Schimmelfennig, 2006: 147-148). In this respect, there exists a dual emphasis in the structure of the ENP, where the need for jointly tackling security threats and sharing the benefits of enlargement with neighbours is particularly emphasized (European Council, 2003: 7-8). In addition to these, the ENP brought new dimensions into existing relationships in the areas such as justice and home affairs, energy, environment, and transportation (Lavanex and Schimmelfennig, 2006: 143). The EU provides financial and technical assistance to support the implementation of these objectives, in order to encourage the partner countries' efforts.

The structure of the ENP is not very complicated. In the beginning of the process, the ENP targets at a specific country, the Commission prepares Country Reports assessing the political and economic situation as well as institutional and sectoral aspects of this country in order to assess when and how it is possible to deepen relations with it. Next, ENP Action Plans are developed. These are the major policy tools which involve bilateral partnerships for reform signed between the EU and the partner country to identify priorities for action in the respective

areas. The action plans are tailor-made for each country based on its needs and capacities, as well as the mutual interests. The Action plans also define an agenda of political and economic reforms by means of short and medium-term priorities ranging from 3 to 5 years, which can be renewed by common agreement (Lavanex and Schimmelfennig, 2006: 144).

The ENP action plans were negotiated and formally adopted in 2005 with seven countries Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine. Further plans are under preparation for Armenia, Azerbaijan, Egypt, Georgia, Lebanon, Algeria, Belarus, Libya and Syria (Lavanex and Schimmelfennig, 2006: 144). Regarding the Mediterranean countries, the action plans focus on Euro-Mediterranean co-operation and on deepening relations with those countries. These action Plans have primarily involved co-operation in foreign and security and defence policies; preparations for a free trade area, sectoral co-operation, as well as co-operation on foreign and security policy issues, including crisis management (Lavanex and Schimmelfennig, 2006). With the action plans, the countries also commit to EU's external actions, including the fight against terrorism and the proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution. In these areas, the Implementation of the reforms and efforts are supported through various forms of EC-funded financial and technical assistance. For instance, in 2007, the Commission introduced the European Neighbourhood and Partnership Instrument (ENPI) as a comprehensive new fund to promote co-operation, together with a new lending mandate of the European Investment Bank (EIB) (Europa web site).

In a nutshell, the action plans are mainly related to enhancing political co-operation and the Common Foreign and Security Policy with the objective of sharing the benefits of the EU's enlargement with neighbouring countries in strengthening stability, security and well-being. The implementations are regularly monitored through sub-committees. The plans are replaced by European Neighbourhood Agreements, i.e. bilateral agreements, when Action Plan priorities are met. Progress made in this way enables the EU and its partners to agree on longer term goals for the further development of relations in the future.

#### **4. The Future of the ENP**

When we evaluate the ENP in light of the previous two sections, we can conclude that the ENP has been a helpful foreign policy initiative for the EU. In general, the ENP has been successful on a country-by-country basis. In the East, for instance, Ukraine's progress on democracy, freedom of the media, has been fine. Moldova aims at a Stabilisation and Association Agreement with the EU in 2008. It has made the implementation of the ENP Action Plan a central element of its reform process. Georgia has been gathering wide support for reforms and recognition as one of the regional front-runners. Armenia sees ENP as a way to escape regional isolation and promote economic development. The biggest problems seems to be Russia, which has refused to be part of the ENP (Emerson

et al, 2007: 29-30), and Azerbaijan, which has been reluctant in integrating with the EU. In the south, ENP has been generally successful. For instance, Morocco and Tunisia have a solid record in the implementation of economic modernisation and reform policies. Palestinian Territories has been a willing partner in drawing up an Action Plan. Israel has been favourable towards deepening relationship with the EU. Jordan is a cooperative political partner for the EU, and has a solid record of economic reforms. The problematic countries in the region seem to be Lebanon, Egypt, Algeria, Syria and Libya. Lebanon has security challenges that prevent it from developing closer economic and political cooperation with the EU. Egypt, Libya, Syria and Algeria does not consider their relationships with the EU as a priority mostly for economic and political reasons (Emerson et al, 2007: 30-31).

Nevertheless, the ENP is far from being perfect. First of all, it does not provide clear incentives to the involved countries. As Smith (2005: 771-772) points out, providing neighbours with clear benchmarks for reforms and offering clear incentives are necessary. Currently, “the ENP requires much of the neighbours, and offers only vague incentives in return” (Smith, 2005: 774). The ENP is particularly bound to be a failure unless economic incentives are provided to the neighbours as the economic side of ENP is not robust enough to act as a sufficient incentive for the neighbours (Haukkala, 2006: 7). In this respect, the major complication seems to be that “the EU’s budget is more likely to shrink than to increase in the face of new challenges”, and the EU is no longer generating the resources that it could use beyond its borders (Haukkala, 2006: 14). It is equally doubtful whether the Union is really able to offer its neighbours market access that is required, especially by the Eastern neighbours. Haukkala (2006: 14-15) asserts that is unlikely that the interests within the EU would allow opening of the Union’s internal market to the products particularly from the East.

Furthermore, it is obvious, for instance that countries such as Turkey and Ukraine will not accept anything less than full membership as an incentive. In this context, the ambiguity on whether the enlargement will continue or not undermines the efficiency of the ENP. Up to now, the EU has not been decisive with a clear “no” to the membership expectations of the neighbouring countries. Although, the ENP has been somewhat a success in terms of providing the EU with a broad range of instruments and alternative policies than in the past, it has not been able to make a significant impact on countries and conflicts such as the ones between the Palestinian Authority and Israel, or where the scale of the problems and the involvement of other important actors such as Russia has been overwhelming (Smith 2005: 772-773). In particular, the EU has been heavily criticized that it has not been engaged in the conflicts in the neighbouring countries such as Moldova, Georgia, or Armenia and Azerbaijan which can be accepted as the insufficiency of the ENP in these regions. After the European Union’s 2004 round of enlargement, its neighbourhood now includes the Balkans, Southern Caucasus, Russia and the Southern Mediterranean, which constitute a serious challenge for the EU security. This is because; these neighbourhoods lack security, development and democracy. One of the key issues has been to co-ordinate policies with those of the US, which prefers to maintain security in some regions through military means. Hence EU has to cooperate with the US for

establishing a stabilized neighbourhood (Harris, 2004: 100), which may not always be an easy task.

Furthermore, as Smith (2005: 772-773) explains, the EU's efforts to influence politics in non-democratic regimes in the Mediterranean has been ineffectual. In particular, the EU has not applied political conditionality, and the political dialogue has not had the expected effect on democracy or human rights possibly due to the "fear of giving too much political space to Islamic fundamentalists" (Smith, 2005: 772). Another factor is the EU's fear of destabilizing countries "whose support for a Middle East peace agreement and action against terrorism and illegal immigration are so crucial" (Smith, 2005: 772). Especially the Euro-Mediterranean process, which was an attempt to foster mutual trust that might ease security concerns in the Middle East, has yet to be a success with little or no progress in the peace-making process in the region.

More importantly, although the action plans encourage cross-border cooperation and political dialogue due to the broad geography of the neighbourhood and the difference between the problems and challenges between the Eastern Europe and the Mediterranean regions, regular meetings or contacts among all of the neighbours have not been held and there exists no cooperation in the ENP. This emphasizes "the difficulties inherent in constructing a meaningful and effective multilateral dialogue among so many different countries" (Smith, 2005: 772). In particular, the ENP needs to maintain the bilateral-regional-multilateral balance. In the East the ENP has been entirely bilateral, whereas the Barcelona process has been largely multilateral. Especially, in the trade area, a strategic multilateral dimension for East and South together may be considered (Emerson et al, 2007: 3).

## **5. Conclusion**

It is clear that the ENP has enhanced the EU's role in the international arena and improved the credibility of its foreign, security and defence policies despite the fact that it is still a very new policy. Nevertheless, it has also been identified that the policy is by no means perfect and there exists scope for further improvement in terms of its effectiveness. It is worth noting that the ENP is still a very new policy, but it has enhanced the EU's role in the international arena and improved the credibility of its foreign, security and defence policies within its soft power framework. The ENP, as a foreign policy instrument, partially substituted the enlargement instrument in shaping the EU's foreign policy in a wide geography by offering its partners not a membership but partnership in economic, social, cultural, and political terms without putting away the future prospects of its partners. Although the EU does not offer a prospect of membership at the beginning of the partnership as an encouragement, the economic encouragements offered through the partnership are not trivial for the partners. In these circumstances, the EU, as a soft/normative power, continues to promote its values which have been founded on democracy, respect to human rights, and the rule of



law with the incentives of creating a more peaceful Europe both in economic and political means.

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